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Decree Concerning State Enterprises

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DECREE CONCERNING STATE ENTERPRISES -- Sofia, Izvestiya, 12 Oct 51

The following is a Decree by the Presidium of the People's Assembly on State enterprises, dated 8 October 1951:

CHAPTER I

GENERAL PROVISIONS

1. State enterprises of nationwide and local importance are instituted on the basis of self-administration. They are juristic persons.

2. The formation, termination, merging, division and transfer of enterprises of nationwide importance is decided upon by the Council of Ministers and, for enterprises within people's soviets, by the administration of the respective people's soviet -- with the approval of the Minister of Internal Trade in the case of commercial enterprises, and by the Minister of Communal Economy for all the other enterprises.

In case of transfer of an enterprise from one combine to another of the same department, the decision is made by the Minister of that particular department. The transfer of enterprises from one people's soviet to another is decided by the administration of the Supreme People's Soviet with the approval of the respective Minister, as indicated in the preceding paragraph. In case of a transfer of an enterprise from one people's soviet to another from a different okrug the decision is made by the respective Minister, as indicated in paragraph 1.

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In the constituent charter of the enterprise the following are given: the purpose, the name, the location and the statutory fund of the enterprise.

The enterprise becomes a juristic person from the day of registration, which is done in conformity with a decree of the Council of Ministers.

3. Separate sections of state enterprises can be put on the basis of internal self-administration. They are not juristic persons.

The institution and the termination of internal self-administration and the establishment and termination of sections (factories, offices, branches, etc.) of state enterprises is decided by the official to whom the enterprise is directly subordinated.

Branches of state enterprises can be instituted in the same manner. In the instituting decision their permanent locations and the rayons where they are to be active, are listed. The branches have to be registered. Within the limits of authority granted them by the head office and in connection with their activity, they can conclude contracts and local subcontracts based on general contracts signed by the head office, in accordance with the charter of the enterprise.

4. State enterprises of nation-wide importance are administered and supervised by the Council of Ministers, ministries or equivalent departments, and enterprises of local importance by the respective people's soviet.

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The subordination of enterprises of nationwide importance is determined by the Council of Ministers. The Ministers, as indicated in Article 2, paragraph I, exercise general administrative and supervisory powers over the respective enterprises within people's soviets.

5. The Ministers, heads of departments and the administrations of people's soviets have the following important rights and obligations with respect to their subordinate enterprises and branches. They:

(a) draw up qualitative and quantitative indexes on the basis of the economic plan and submit through the State Planning Commission to the Council of Ministers a general plan for the economic branches administered by them;

(b) assign the tasks approved by the government on the basis of the economic plan among their subordinate enterprises and supervise their fulfillment, and are held responsible for the nonfulfillment of tasks assigned to their subordinate enterprises;

(c) control and supervise the quality of the production turned out by the enterprises;

(d) take the necessary measures for the assignment of production;

(e) assure the material and technical supply of their subordinate enterprises with the necessary raw materials, materials, spare parts, etc.;

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(f) assure the complete and efficient utilization of all machines of the enterprises;

(g) work out measures for the increase of labor productivity by means of proper organization of production processes, introduction of new progressive methods for the organization of labor and for reducing production costs;

(h) supply the enterprises with workers and take the necessary measures for a continual increase in the qualifications of the latter;

(i) study, work out and submit for approval new material, technical and labor norms;

(j) assure the crediting and financing of enterprises;

(k) assure the proper use of the revolving funds by the enterprises, the speeding up of their rotation and the reduction of the norms for revolving funds;

(l) organize proper accounting systems and prepare and submit reports and balance sheets within the prescribed periods of time;

(m) assure the observance of a financial and contractual discipline on the part of the enterprises; and

(n) exercise internal departmental supervision through their officials.

6. State enterprises pay all set taxes, fees, levies, etc. if

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there are no other legal provisions.

All documents, blue prints, plans, contracts, etc., connected with the drawing up and execution of new construction projects, enlargement, reorganization, and building up of existing enterprises and for housing, cultural and welfare constructions are exempt from taxes, duties, fees, levies, stamp tax, etc.

7. The State is not responsible for the debts of enterprises and they are not responsible for the debts of the State.

The combine is not responsible for the debts of its subordinate enterprises and they are not responsible for the debts of the combine. The combine is responsible for the debts of its subordinate enterprises in cases when, contrary to the plan, it has withdrawn or has not granted funds to an enterprise. In such a case, though, the combine can only be held responsible for an amount equal to such funds.

One enterprise cannot be held responsible for the debts of another.

8. Except for raw materials and fuel, state enterprises cover their debts with their revolving funds, which cover operations for a period of 2 months as well as the cash for paying wages for this time interval plus 15 days extra.

Debts contracted for capital construction and basic repairs are paid by the enterprises with funds appropriated for that purpose. There can be no seizure of revolving funds to

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cover such debts.

Funds allotted by due procedure to the director's fund cannot be seized for debts of the enterprise.

9. For unpaid bills on transactions with citizens, state enterprises are issued warrants on the basis of the accounts of the debtors. The decision of the court to issue a warrant can be appealed and does not prevent the executor from exercising his right to collect bills in the regular manner.

In case a claim is made against an enterprise for the property rights to a piece of land the Ministry of Communal Economy and Public Works is asked to participate in the suit.

The collection of unpaid bills, due state enterprises, is governed by civil law.

10. Terminated state enterprises are liquidated by officials appointed for this task by the officials indicated in Article 4, paragraph I. The manner of liquidation, the time within which it has to be completed and the way in which the cash and the property are to be disposed of, are specified at the time of their appointment.

CHAPTER II

COMBINES

11. By decision of the Council of Ministers state enterprises can be grouped into combines, administrations, head offices and other organizations, for brevity's sake called combines, which are independent juristic persons.

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Enterprises, grouped in combines, retain their status as juristic persons.

12. The combines administer and supervise the enterprises attached to them and in addition to the rights mentioned in Article 5 have the following rights and obligations;

(a) to conclude specific and general contracts in their own name;

(b) to satisfy the supply and distribution needs of the enterprises attached to them and to make transactions;

(c) to have their own revolving funds and to have recourse to bank loans;

(d) to have deposit or checking accounts at banks;

(e) to prepare a separate balance sheet for transactions made by them and a general balance sheet for the enterprises attached to them;

(f) to redistribute their own revolving funds, the profits and the amortization deductions of their subordinate enterprises in accordance with the approved financial plans, and to issue instructions to that effect to the respective banks.

13. Combines draw up each year an assets and liabilities statement for their maintenance, which is approved by the respective Minister.

In case combines engage in economic activity in their own name and for their benefit they draw up a production (trade)

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and financial plan for it.

14. Combines are supported by payments made by the associated enterprises. The size of these payments, as part of the yearly production (trade) and financial plans of the enterprises, is determined by figures given by the combines and based on the funds approved for their support.

The Council of Ministers can also designate other means of support for enterprises.

At the close of the financial year any surplus funds are deposited in the Treasury, following approval of the general yearly report of combines.

CHAPTER III

STATUTORY FUND

15. The state allots a statutory fund (working capital) made up of capital and revolving funds to state enterprises and combines, in accordance with the tasks assigned to them by the plans.

A. Capital

16. The Council of Ministers or the administrations of the people's soviets gratuitously allot capital (furniture and buildings, machines, equipment, etc.) to each enterprise.

17. The transfer of capital from one state enterprise to another is done gratuitously, as follows:

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(1) By decision of the Council of Ministers -- in case the enterprises are under different departments or the one is of nationwide importance and the other of local importance.

(2) By order of the respective Minister -- in case the enterprises are under the same department, but from different combines.

(3) By order of the head of the combine -- in case the enterprises are of the same combine and

(4) By order of the administration of the people's soviet -- in case the enterprises are attached to one and the same people's soviet; by the administration of the Supreme People's Soviet -- in case they are attached to different people's soviets; when there is no Supreme People's Soviet -- by the Council of Ministers.

B. Revolving Funds

18. The size of revolving funds of enterprises is determined on the basis of fixed norms.

The making-up of a deficit in revolving funds or the taking away of a surplus is prescribed by the yearly financial plan of the enterprises.

A deficit in revolving funds is made up as follows;

- (a) by putting aside a part of the profits;
- (b) gratuitously from the Treasury.

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The deficit of own revolving funds can also be made up from other sources, as prescribed by the financial plan.

19. On recommendation by the Ministry of Finance, the Council of Ministers can change the revolving fund norms while approving the general financial plans in the manner indicated in Article 23, paragraph II, if it be proven that they do not correspond to the actual needs of a given enterprise.

For enterprises attached to people's soviets this evaluation is made by the administration of the Supreme People's Soviet.

CHAPTER IV

ADMINISTRATION AND REPRESENTATION

20. Enterprises and combines are administered and represented by officials such as general director, director, administrator, manager and others. These and the deputy-directors and chief and senior accountants are appointed and dismissed as follows: for enterprises and combines of nationwide importance -- by the respective Minister of the department whose subordinates they are, and for enterprises of local importance -- by the administration of the particular people's soviet. The Minister can delegate this right to the administrators of combines. All other personnel is appointed and dismissed in the manner specified by the standard statute.

Directors, administrators and chief and senior accountants of enterprises directly subordinate to the Council of Ministers

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are appointed and dismissed by the latter.

21. The administrators represent enterprises and combines individually. Financial documents are signed by the administrator and the chief accountant. Any differences between them are decided by the administrator of the combine and if there is no such -- by the official indicated in Article 4, paragraph I.

Representation rights can also be transferred to other officials, but only with the consent of the responsible Minister, respectively -- the administration of the people's soviet.

CHAPTER V

ORGANIZATION AND ACTIVITY

22. Enterprises and combines are required to perform their economic and financial activity on the basis of the following: yearly production (trade) and financial plans and quarterly production (trade) and financial plans, as well as yearly and quarterly financial plans.

The drawing up and the approval of the plans is done prior to the period covered.

23. The production (trade) and financial plans are approved as follows:

(a) for enterprises grouped into combines -- by the combines;

(b) for directly subordinate enterprises -- by the

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head of the department.

Financial plans are approved as follows:

(a) the general financial plans of Ministries and departments including the allocations for combines and directly subordinate enterprises -- by the Council of Ministers, through the Finance Minister;

(b) the financial plans of enterprises are approved by the combines on the basis of the general financial plan approved by the Council of Ministers.

Production and financial plans of the enterprises of people's soviets are approved by the administration of the respective people's soviet.

The Ministry of Finance, in studying and checking the fulfillment of financial plans, has the right to demand of the respective Ministries, departments and enterprises the submission of accounting and plan data and information, and to make check-ups and revisions on the spot.

24. The time periods, the forms and the manner of drawing up and approving production (trade) and financial plans and the quarterly production plans are fixed by the Council of Ministers through the State Planning Commission.

The time periods, the form and the directions for the drawing up of the financial plan are fixed by the Finance Minister.

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25. Each department draws up standard statutes, by branches, for the internal organization and activity of its subordinate enterprises of nationwide importance, and standard statutes for the enterprises of local importance which it administers and supervises.

On the basis of the standard statutes the individual enterprises and organizations prepare statutes for their internal organization and activity, to be approved by the officials indicated in Article 4, paragraph I.

CHAPTER VI

ACCOUNTING

26. Enterprises and combines make up periodic reports of their economic activity in accordance with the decrees on accounting.

27. Representatives of the Ministry of Finance have the right to participate in the discussions of reports and balance sheets by the different departments and to make comments and recommendations on them. They can demand of enterprises and combines any necessary additional material and accounting data for clarifying the report, balance sheets and supplements, and can check on the spot the bookkeeping entries, books and data and documents relevant to them.

28. Yearly reports and balance sheets are approved as follows:

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(a) for enterprises grouped in a combine -- by the combine itself;

(b) for directly subordinate enterprises and the general reports and balance sheets of combines -- by the officials indicated in Article 4, paragraph 1;

(c) for the general reports and balance sheets of ministries -- by the Council of Ministers.

CHAPTER VII

INTERRELATIONS WITH THE STATE TREASURY

29. The interrelations of enterprises with the State Treasury are fixed by the financial plan.

30. The plan profits of enterprises and combines are distributed according to needs as follows:

(a) for supplementing their own revolving funds;

(b) for financing limited and above-limits capital investments;

(c) for the director's fund, according to regulations approved by the Council of Ministers;

(d) for payments to be made to the Treasury.

31. The payments to the Treasury cannot be less than 10 percent of the plan profits.

The size of payments within the limits of the approved

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general financial plans is determined by the officials indicated in Article 4, paragraph I, and for the enterprises grouped in combines -- by the latter.

32. After the approval of the yearly report the surplus plan profits are distributed between the director's fund and payments to the Treasury at percentages fixed by the regulations mentioned in Article 30, letter "c".

33. Profit payments to the Treasury, respectively to the treasury of the people's soviet, are made at fixed intervals of time and in a manner determined by instructions set up by the Finance Minister and approved by the Council of Ministers.

For overdue payments interest of 0.2 percent is paid for every 5 days or fraction of 5 days.

For delinquency in meeting payments to the Treasury within the time limits fixed by the special decree the Finance Minister can order both the blocking of bank funds of the enterprise and of its debtors and their transfer to the Treasury till the enterprise pays all it owes the Treasury, with due regard to priorities.

34. Losses provided for in the approved financial plans, including payments to the director's fund when such are prescribed by the regulations for this fund, are covered by subsidies from the Treasury.

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CHAPTER VIII
TRANSITORY PROVISIONS

35. The standard statutes described in Article 25 of this decree should be drawn up within two months of the publication of the present decree, and the statutes of the individual enterprises and organizations subordinate to different ministries and people's soviets, must be approved within two months after the drawing up of the standard statutes.

36. This decree amends the Law for State Enterprises.

The execution of the present decree is entrusted to the Finance Minister.

Issued at Sofia, on 8 Oct 1951, under number 512 and bearing the State Seal.

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